



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 3, 2015

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From: Sachi A. Hamai   
Interim Chief Executive Officer

## **WASHINGTON, D.C. UPDATE ON THE ENACTMENT OF THE SURFACE TRANSPORTATION AND VETERANS HEALTH CARE CHOICE IMPROVEMENT ACT (H.R. 3236)**

### **Executive Summary**

This memorandum is to inform the Board that, on July 31, 2015, the President signed H.R. 3236, the Surface Transportation and Veterans Health Care Choice Improvement Act, into law. The bill, which was passed by the Senate on July, 30, 2015, extends surface transportation programs for three months through October 29, 2015. It also adds nearly \$8.1 billion to the Highway Trust Fund (HTF), which is the primary source of funding for such programs.

The three-month extension would provide additional time for Congress to enact a multi-year surface transportation reauthorization bill. On July 30, 2015, the Senate also passed its six-year reauthorization bill (H.R. 22) while the House hopes to pass its version in September. However, it is far from certain that Congress will be able to enact a six-year reauthorization bill by October 29, 2015. Congress has enacted 24 shorter-term surface transportation reauthorization bills since the last six-year reauthorization bill expired on September 30, 2003, due to the lack of agreement on how to raise sufficient revenue for the HTF to finance highway and transit programs for a longer period of time.

H.R. 3236 also includes health provisions which authorizes the Department of Veterans Affairs (VA) to transfer \$3.35 billion from its Veteran Choice Fund to meet a projected shortfall in health care funding, and which directs the VA to develop a plan for consolidating all non-VA health provider programs.

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### **Surface Transportation Provisions and Funding in H.R. 3236**

On July 31, 2015, the President signed the Surface Transportation and Veterans Health Care Choice Improvement Act (H.R. 3236), which was passed a day earlier by the Senate and two days earlier by the House. Without its enactment, the authorization for Federal surface transportation (highway and transit) programs would have expired on July 31, 2015, and the HTF, which pays for such programs, would run out of funds in August.

H.R. 3236 extends the authorization for surface transportation programs through October 29, 2015, and also adds nearly \$8 billion to the HTF -- an amount that is projected to be sufficient to meet current surface transportation financing needs through at least December 2015. The bill's three-month extension is intended to provide Congress with more time to enact a six-year surface transportation reauthorization -- something that it has not been done since 1998.

Congress has not been able to enact a long-term surface transportation reauthorization bill due to the lack of agreement on how to raise sufficient revenue to enable the HTF to meet surface transportation financing needs. Under current law, the HTF, which is the primary source of funding for highway and transit programs, is financed by revenue raised from Federal fuel excise taxes. Such revenue has not kept up with current transportation financing needs due to improved motor vehicle fuel efficiency and fewer vehicle miles traveled. Based on the Congressional Budget Office's (CBO) latest baseline estimates, HTF revenue would have to grow by \$87 billion (or about \$15 billion a year) to fully fund a six-year surface transportation reauthorization bill covering Federal Fiscal Years (FFYs) 2016 through 2021.

On July 15, 2015, the House previously passed H.R. 3038, a bill which would have reauthorized surface transportation programs through December 18, 2015, and also added nearly \$8.1 billion to the HTF. With the House's summer recess scheduled to begin on July 30, 2015, the House Republican leadership believed that more time is needed to reach agreement on a long-term reauthorization bill.

The Senate, instead, pursued the enactment of a bipartisan six-year reauthorization bill, called the Developing a Reliable and Innovative Vision for the Economy ("DRIVE") Act. This bill would reauthorize highway and transit programs for six years, and transfer about \$46 billion to the HTF, which would be sufficient to fund programs for about three years. It also would increase revenue and cut mandatory spending cuts to finance the \$46 billion transfer to the HTF. After the \$46 billion is expended, future program spending would be contingent on additional funding being deposited into the HTF.

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The House Republican leadership, however, made it clear that it would not pass the Senate's DRIVE Act bill before recessing this week. In particular, they opposed the Senate approach of reauthorizing highway and transit programs for six years, but providing only three years of funding. The House, therefore, decided to pass a three-month surface transportation extension bill (H.R. 3236) on July 29, 2015 before leaving for its August recess. This left the Senate with no choice, but to clear the bill for the President's signature. Besides passing H.R. 3236 on July 30, 2015, the Senate also passed the DRIVE Act bill (H.R. 22) on the same day.

### **Veterans Health Provisions in H.R. 3236**

H.R. 3236 also includes veteran's health provisions in a title of the bill called the "VA Budget and Choice Improvement Act." Most significantly, it authorizes the Department of Veterans Affairs (VA) to transfer \$3.35 billion from its Veteran Choice Fund to meet a projected shortfall in health care funding. In addition, the bill directs the VA to develop a plan for consolidating all of its existing programs for providing health care through non-VA health providers into a single program. This plan, which is to include recommendations for any legislative proposals needed to implement it, must be submitted to Congress by no later than November 1, 2015.

We will continue to keep you advised.

SAH:JJ:MR  
MT:ma

c: All Department Heads  
Legislative Strategist